

Message Text

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12

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BRUSSELS FOR USEC

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TAGS: ETRD

SUBJECT: IRAN/ EEC RELATIONS

REF: TEHRAN 1857

IRAN' S VIEW OF ITS FUTURE RELATIONS WITH THE EEC IS BECOMING CLEARER AS GOI LEADERS COMMIT THEMSELVES PUBLICLY TO ANTI- EEC SENTIMENTS. BOTH IN PUBLIC AND PRIVATE, THE SHAH, THE PRIME MINISTER, THE MINECON AND OTHERS ARE INJECTING AN INCREASINGLY SHRILL NOTE INTO THEIR OBJECTIONS TO EEC' S FAILURE TO GRANT IRAN PREFERENTIAL TREATMENT SIMILAR TO THAT BEING ACCORDED TO THE MEDITERRANEAN BASIN COUNTRIES.

2. WE UNDERSTAND CHRISTOPHER SOAMES HAS AGREED TO DISCUSS IRAN/ EEC RELATIONS, BUT OUR EEC COLLEAGUES HERE INFORM US THAT THERE IS LITTLE CHANCE THAT ANYTHING REMOTELY APPROACHING IRAN' S ASPIRATIONS WILL BE GRANTED.

3. IRANIAN OFFICIALS BLITHELY CONTINUE TO EXCLUDE OIL FROM THEIR BALANCE OF TRADE FIGURES WITH THE EEC NATIONS
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ON THE (TO THEM LOGICAL) GROUNDS THAT IRAN HAS NO RPT NO KNOWLEDGE OF THE DESTINATION OF THE OIL ONCE IT LEAVES IRANIAN PORTS. HOWEVER, WITH THE ADVENT OF THE NEW SALES/ PURCHASE ARRANGMENTS WITH THE CONSORTIUM AND INCREAS- ING SALES ON ITS OWN ACCOUNT, THE GOI MAY BE FORCED TO MODIFY THIS STAND BUT IT WILL REQUIRE A GOOD DEAL OF PERSUASION . USING THE GOI' S APPROACH TO ITS TRADE BALANCE WITH THE EEC IT WOULD APPEAR THAT IRAN HAS AN ADVERSE RELATIONSHIP AOUNTING TO OVER A BILLION DOLLARS ANNUALLY. HOWEVER, INJECTING OIL INTO THE BALANCE CLEARLY INDICATES THAT EVEN ON A NOTIONAL BASIS, IRAN' S TRADE RELATIONS WITH THE EEC ARE EITHER GREATLY IN IRAN' S FAVOR OR AT LEAST BALANCED.

4. FROM THE US POINT OF VIEW, IRAN' S PRESENT APPROACH TO ITS RELATIONS WITH THE EEC OFFERS SOME OPPORTUNITY FOR BELIEVING THAT IRAN AND THE US CAN HAVE COINCIDENT POSITIONS VIS- A- VIS THE EEC IN ANY MULTILATERAL TRADE NEGOTIATIONS. IN THE ABSENCE OF ANY BAIT IN THE FORM OF PREFERENCE FROM THE EEC THERE IS NO RPT NO POSSIBILITY THAT IRAN WILL GRANT REVERSE PREFERENCES TO THE COMMON MARKET. THIS SHOULD BE USEFUL TO THE US. IN THIS REGARD, THE EMBASSY UNDERSTANDS INFORMALLY THAT THE APPLICATION OF THE QUOTE COMPETITIVE NEED END QUOTE FORMULA TO IRAN WILL SERVE TO EXCLUDE ABOUT 90 PERCENT OF IRAN' S EXPORTS TO THE US FROM THE GENERALIZED PREFERENCES FOR LDC' S CONTEMPLATED IN THE CURRENT TRADE BILL. OUR CONSEQUENT LEVERAGE WITH IRAN ON OTHER ISSUES IS MINOR UNLESS WE CAN DISCOVER ALTERNATIVE AREAS OF COINCIDENCE TO EXPLOIT.

5. THE FOREGOING SUPPLEMENTS TEHRAN 421 OF JANUARY 22 BUT REGRETTABLY DOES NOT ADD GREATLY TO THE EMBASSY' S OR THE DEPARTMENT' S KNOWLEDGE OF IRAN' S TACTICS AND GOALS IN THE IM- PLEMENTATION OF THEIR TRADE POLICY. THE MINISTRY OF ECONOMY IS STILL ENGAGED IN STUDYING VARIOUS ALTERNATIVES AND ATTEMPT- ING TO ENGAGE THE SYMPATHETIC ATTENTION OF INDIVIDUAL MEM- BERS OF THE EEC. PRIME MINISTER HOVEYDA RAISED THE SUBJECT WITH PRIME MINISTER HEATH IN LONDON RECENTLY; THE SHAH HAS PRESSED VARIOUS VISITORS FROM EEC COUNTRIES AND THE MINISTRY OF ECONOMY HAS PUBLICLY CHIDED THE EEC AND JAPAN FOR IGNORING IRAN ' S ADVERSE TRADE BALANCES.

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6. UNDERSECRETARY ECONOMY VAFA REITERATED MAY 5 HIS EARLIER PROMISE TO THE ECONCOUNSELOR THAT HE WOULD LET THE US KNOW THE GOI' S DETAILED POSITIONS AS SOON AS POSSIBLE. HOWEVER, HE COMMENTED THAT AS QUOTED IRAN IS NEW TO THE BUSINESS UNQUOTE, INTERNAL DELIBERATIONS ARE TAKING LONGER THAN USUAL.
HELMS

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